

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 NEA-10 ISO-00 SP-02 USIA-06 AID-05 EB-07

NSC-05 CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 PA-01 PRS-01 IO-11 /110 W

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P R 031651Z MAR 76

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 6890

INFO AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY SEOUL

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

USLO PEKING

C O N F I D E N T I A L BONN 03544

E.O. 11652: GDS

TAGS: EFIN, ETRD, NK

SUBJECT: NORTH KOREAN DEBT RESCHEDULING

REF: THE HAGUE 1132, BONN 3088

1. DR. SCHEELE IN ECONOMICS MINISTRY, WHO REPRESENTED
FRG AT FEBRUARY 27 PARIS MEETING, CONFIRMED THAT
PARTICIPANTS AGREED AD REFERENDUM TO INFORMAL GUIDELINES
TO BE FOLLOWED BY CREDITOR COUNTRIES WHICH DECIDE TO
RESCHEDULE NORTH KOREAN DEBT. AFTER ACTION BY SWEDEN
AND APPARENTLY AUSTRIA TO RESCHEDULE NORTH KOREAN
DEBT, THE MAJORITY VIEW AT THE PARIS MEETING WAS THAT
SOME SORT OF GUIDELINES WERE CALLED FOR. THE
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PARTICIPATING GOVERNMENTS ARE TO INFORM NEBOT WITHIN

THE NEXT WEEK OR SO WHETHER THEY ACCEPT THESE GUIDELINES. SCHEELE DECLINED TO PROVIDE DETAILS ABOUT THE GUIDELINES, STATING THAT THE PARTICIPANTS AGREED TO KEEP THEM STRICTLY CONFIDENTIAL WHILE THEY WERE BEING REVIEWED IN CAPITALS.

2. SCHEELE MADE A POINT OF STRESSING THAT THE GUIDELINES WERE INFORMAL AND NOT TO BE CONSTRUED AS A DECISION BY THE PARIS CLUB ITSELF. THE PARTICIPANTS IN THE MEETING DECIDED TO SUPPORT GUIDELINES ONLY IF THEY WERE CLEARLY DIVORCED FROM THE PARIS CLUB FRAMEWORK. THE PARTICIPATING COUNTRIES ARE FREE TO APPLY THEM AS THEY WISH. SCHEELE BELIEVES THAT FRENCH AND DUTCH WILL USE THEM AS BASIS FOR OFFICIAL RESCHEDULING. THE FRG, UK AND JAPAN MADE IT CLEAR THAT THEY DID NOT INTEND TO RESCHEDULE. HOWEVER, THE FRG FOR ITS PART WOULD INSURE THAT PRIVATE GERMAN CREDITORS WOULD ADHERE TO THESE GUIDELINES IF THEY DECIDED TO RESCHEDULE NORTH KOREAN DEBTS OWED TO THEM.

3. EMBOFF EXPRESSED REGRET THAT THE PARTICIPANTS FELT THAT THE NECESSITY FOR AGREEING ON COMMON GUIDELINES WAS SO IMPORTANT AS TO OUTWEIGH OTHER CONSIDERATIONS. NO MATTER HOW THESE GUIDELINES WERE PACKAGED, THEY WOULD WEAKEN THE CREDIBILITY OF THE PARIS CLUB MECHANISM ESPECIALLY IN THE EYES OF OTHER DEBTOR COUNTRIES.

4. COMMENT: SCHEELE HAS JUST TAKEN OVER RESPONSIBILITY FOR COMMERCIAL DEBT ISSUES FROM GEHRING, WHO NOW HEADS ECONOMIC MINISTRY'S MIDDLE EAST DESK. IF AN OLD HAND SUCH AS GEHRING HAD BEEN IN PARIS TO STAND UP AGAINST NEBOT, WE ARE QUITE SURE THIS WOULD NOT HAVE HAPPENED. EVEN AT THIS POINT IT IS NOT AT ALL CERTAIN THAT THE FRG WILL ACCEPT THESE GUIDELINES.

HILLENBRAND

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